

SENATE BILL 492

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Q5

2004 Regular Session
4r1378
CF 4r0927

By: **Senator Astle**

Introduced and read first time: February 6, 2004

Assigned to: Budget and Taxation

A BILL ENTITLED

1 AN ACT concerning

2 **Vessel Excise Tax - Exemption - Charter Service**

3 FOR the purpose of providing for certain exemptions to the vessel excise tax under
4 certain circumstances; providing for payment of the vessel excise tax under
5 certain circumstances; defining a certain term and altering a certain definition;
6 and generally relating to the vessel excise tax.

7 BY adding to

8 Article - Natural Resources
9 Section 8-701(b-1) and 8-716(l)
10 Annotated Code of Maryland
11 (2000 Replacement Volume and 2003 Supplement)

12 BY repealing and reenacting, with amendments,

13 Article - Natural Resources
14 Section 8-701(c) and 8-716(e)
15 Annotated Code of Maryland
16 (2000 Replacement Volume and 2003 Supplement)

17 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF
18 MARYLAND, That the Laws of Maryland read as follows:

19 **Article - Natural Resources**

20 8-701.

21 (B-1) "CHARTER SERVICE" MEANS THE RENTAL OR LEASE OF A VESSEL TO THE
22 GENERAL PUBLIC OR TO A DEALER.

23 (c) (1) "Dealer" means any person who:

24 (i) Engages in whole or in part in the business of buying, selling,
25 [or] exchanging, OR RENTING new and unused vessels or used vessels, or both, either
26 outright or on conditional sale, bailment, lease, chattel mortgage, or otherwise; and

1 (ii) Has an established place of business for sale, trade, and display
2 of vessels.

3 (2) "Dealer" includes:

4 (i) A yacht broker; [and]

5 (II) A CHARTER BUSINESS THAT USES VEHICLES FOR CHARTER
6 SERVICES; AND

7 [(ii)] (III) A holder of a lien created under Title 16, Subtitle 2 of
8 the Commercial Law Article who sells the vessel pursuant to that title, including an
9 auctioneer and a company commonly known as a lien and recovery company.

10 8-716.

11 (e) A person is not required to pay the tax provided for in subsection (c) of this
12 section resulting from:

13 (1) A transfer between members of the immediate family as determined
14 by Department regulations;

15 (2) A transfer to a licensed dealer of a vessel for resale purposes;

16 (3) THE ACTIVE USE OF A CERTIFIED VESSEL FOR CHARTER SERVICE,
17 PROVIDED THAT THE VESSEL OWNER AND CHARTER BUSINESS THAT OFFERS THE
18 VESSEL FOR CHARTER SERVICE MAINTAINS A CFR SUBCHAPTER T OR SUBCHAPTER K
19 LICENSE:

20 (I) MAINTAINS A PUBLIC LIABILITY INSURANCE POLICY;

21 (II) OFFERS CHARTER SERVICE TO THE GENERAL PUBLIC, OR HAS A
22 WRITTEN AGREEMENT WITH A BUSINESS THAT OFFERS CHARTER SERVICE, AND HAS
23 A FLEET OF LEAST FOUR VESSELS;

24 (III) PROVIDES, ON A FORM APPROVED BY THE DEPARTMENT,
25 NOTIFICATION OF THE VESSEL ENTERING CHARTER SERVICE, AND NOTIFICATION
26 OF TERMINATION OF A CHARTER SERVICE AGREEMENT, OR NOTIFICATION OF A
27 VESSEL TAKEN OUT OF CHARTER SERVICE;

28 (IV) DISPLAYS ON THE VESSEL A CHARTER SERVICE DESIGNATION
29 STICKER PROVIDED BY THE DEPARTMENT; AND

30 (V) COMPLIES WITH APPLICABLE FEDERAL REGULATIONS;

31 [(3)] (4) The holding of a vessel that is titled or numbered in another
32 state or is federally documented, provided:

33 (i) The vessel is held for resale or listed for resale by a licensed
34 dealer; and

1 (ii) The vessel owner signs an affidavit that there will be no use of
2 the vessel on the waters of the State other than for a sea trial;

3 [(4)] (5) Purchase of a vessel by the State or any political subdivision;

4 [(5)] (6) Purchase of a vessel by an eleemosynary organization which the
5 Secretary has approved;

6 [(6)] (7) The purchase within the State of a vessel if the owner paid or
7 incurred a liability for the Maryland sales and use tax on the vessel prior to July 1,
8 1986;

9 [(7)] (8) The possession within the State of a vessel which was
10 purchased outside the State if the owner paid or incurred a liability for the Maryland
11 use tax on the vessel prior to July 1, 1986;

12 [(8)] (9) The possession of a vessel that was purchased or acquired prior
13 to coming into the State by a nonresident of the State and is not used principally on
14 the waters of the State and if the issuance of a title is not sought, except that:

15 (i) A vessel is not deemed used on the waters of the State if the
16 vessel is used for 90 days or less of a calendar year; and

17 (ii) If a vessel is used for more days than 90 days in a calendar year,
18 the period of 90 days shall be counted in the determination of principal use under this
19 subtitle;

20 [(9)] (10) The possession within the State of a vessel if the current owner,
21 before July 1, 1986:

22 (i) 1. Was licensed by the Department to catch, for commercial
23 purposes, finfish, eels, crabs, conch, terrapin, soft-shell clams, hard-shell clams,
24 oysters, or any other fish; and

25 2. Used the vessel for any of the commercial fishing purposes
26 described in item 1 of this item; or

27 (ii) 1. Was licensed as a commercial fishing guide under the
28 provisions of § 4-210 of this article; and

29 2. Used the vessel as a charter boat with a license as
30 provided in § 4-745(d)(2) of this article; or

31 [(10)] (11) The possession within the State of a vessel that:

32 (i) Is owned by a nonprofit organization that:

33 1. Is qualified as tax exempt under § 501(c)(4) of the Internal
34 Revenue Code; and

